



**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

July 18, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**RESOLUTION OF CHANGE TO THE
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX AND
TO REDUCE AUTHORIZED BONDED INDEBTEDNESS FOR
COMMUNITY FACILITIES DISTRICT NUMBER 3 IMPROVEMENT AREA C
(VALENCIA/NEWHALL AREA)
(FIFTH DISTRICT) (3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD, ACTING AS THE LEGISLATIVE BODY
OF COMMUNITY FACILITIES DISTRICT NUMBER 3:**

1. Adopt a Resolution of the Board of Supervisors of the County of Los Angeles acting as the Legislative Body of Community Facilities District Number 3, changing the Rate and Method of Apportionment of Special Tax for Improvement Area C of Community Facilities District Number 3 and reduce the amount of authorized bonded indebtedness from \$15,000,000 to \$9,000,000.
2. Approve an ordinance authorizing a special tax to be levied on property within Community Facilities District Number 3 Improvement Area C of the County of Los Angeles in accordance with the Amended and Restated Rate and Method of Apportionment of Special Tax.
3. Introduce, waive reading and place on the agenda for adoption, the approved ordinance.
4. Instruct the Executive Officer-Clerk of the Board to record a Notice of Amended Special Tax Lien following adoption of the ordinance.

The Honorable Board of Supervisors
July 18, 2002
Page 2

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 21, 2002, your Board adopted a resolution of consideration to change the rate and method of apportionment (RMA) of special tax and to reduce authorized bonded indebtedness for Community Facilities District Number 3 (CFD 3), Improvement Area C. On June 25, 2002, your Board held a public hearing, approved the change in the RMA and ordered the proposition of reducing the amount of bonded indebtedness and the change in the RMA submitted to the qualified electors of the Improvement Area. On July 9, 2002, more than two-thirds of the qualified electors approved the change in the RMA and the reduction of the amount of bonded indebtedness authorized. Approving the resolution of change and the ordinance and filing an amended notice of special tax lien will complete the process.

The proceedings are the result of a petition by Stevenson Ranch Venture, LLC, the landowner of all of the property in CFD 3, Improvement Area C, to amend the RMA prior to the issuance of bonds. The amendment reduces the maximum special taxes to rates equal to or less than the rates for single-family residences in the adjacent Improvement Area B and reduces the maximum special taxes on apartments to facilitate development of affordable housing. In consideration of the reduced special tax rates, the landowner also agreed to a reduction in the amount of authorized bonded indebtedness from \$15,000,000 to \$9,000,000.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. In addition, it supports the Strategic Plan Goal of Fiscal Responsibility by utilizing public-private partnerships for the investment in and development of regional benefit public infrastructure in the County.

FISCAL IMPACT/FINANCING

There is no fiscal impact on, or financing required of the General Fund.

The Honorable Board of Supervisors
July 18, 2002
Page 3

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Government Code Section 53338(b) provides that the legislative body shall adopt a resolution of change determining that the proposed revision to the rate and method of apportionment of special tax is lawfully authorized following approval of the proposed change by the qualified electors of the district.

Government Code Section 53338(c) requires that the clerk of the legislative body upon adoption of the resolution of change shall record notice of the changes pursuant to Section 3117.5 of the Streets and Highway Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not Applicable

CONCLUSION

Upon Board action, please forward two copies each of the adopted letter, certified copies of the minute order and resolution to the Department.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark J. Saladino for".

MARK J. SALADINO
Treasurer and Tax Collector

MJS:DL:GB:CH:pab
pb:Board:valencianewhall c

Attachments (3)

c: Executive Officer, Board of Supervisors
 Chief Administrative Officer
 Auditor-Controller
 County Counsel

**COMMUNITY FACILITIES DISTRICT NO. 3
(VALENCIA/NEWHALL AREA)
OF THE COUNTY OF LOS ANGELES**

**RESOLUTION OF THE COUNTY OF LOS ANGELES
ACTING AS THE LEGISLATIVE BODY OF COMMUNITY
FACILITIES DISTRICT NO. 3 DETERMINING THE
RESULTS OF A SPECIAL ELECTION AND ORDERING
CHANGES TO THE RATE AND METHOD OF
APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY
FACILITIES DISTRICT NO. 3 IMPROVEMENT AREA C**

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles, California ("the County"), on behalf of Community Facilities District No. 3 (the "Community Facilities District") on May 21, 2002 duly adopted a Resolution declaring its intention to (i) change the rate and method of apportionment of special tax pursuant to the "Amended and Restated Rate and Method of Apportionment of Special Tax for County of Los Angeles Community Facilities District No. 3 Improvement Area C" (the "Amended Rate and Method of Apportionment"), attached hereto as Exhibit A, for facilities for Improvement Area C of the Community Facilities District and (ii) reduce the authorized bonded indebtedness from \$15,000,000 to \$9,000,000 (the "Resolution of Consideration"), and calling a public hearing thereon, under and pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982" (the "Act"), being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California;

WHEREAS, pursuant to the Resolution of Consideration, a public hearing was called by the Board of Supervisors for June 25, 2002, at the hour of 9:30 a.m. or as soon thereafter as the matter could be heard, at the Hearing Room of the Board of Supervisors, Room 381, Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012, at which hearing the Board of Supervisors considered the proposed changes to the rate and method of apportionment of special tax for facilities in Improvement Area C and all other matters as set forth in the Resolution of Consideration, and at the above-mentioned time and place for such public hearing, all persons interested, including all taxpayers, property owners and registered voters within Improvement Area C were given an opportunity to appear and be heard, and the testimony of all interested persons for or against the proposed changes to the rate and method of special tax for facilities within Improvement Area C and any other matters set forth in said Resolution were heard;

WHEREAS, pursuant to the Resolution of Consideration a special election was called by the Board of Supervisors and scheduled by the Registrar-Recorder/County Clerk for July 9, 2002 to present to the qualified electors the proposition to (i) change the rate and method of apportionment of special tax pursuant to the Amended Rate and Method of Apportionment for facilities for Improvement Area C of the Community Facilities District and (ii) reduce the authorized bonded indebtedness from \$15,000,000 to \$9,000,000;

WHEREAS, the Board of Supervisors has determined, based on a Certificate of the Registrar-Recorder/County Clerk dated March 13, 2002, that there are less than twelve

registered voters residing in Improvement Area C and that the qualified electors in Improvement Area C are the owners of land within Improvement Area C;

WHEREAS, the Board of Supervisors has received the Consent and Waiver of 100% of the owners of land within Improvement Area C waiving certain election requirements;

WHEREAS, after the close of the balloting, the Registrar-Recorder/County Clerk of the County as the designated election official (the "Election Official") on July 11, 2002 duly canvassed the votes cast at the special election by the qualified electors held in Improvement Area C of the District on July 9, 2002, upon the proposition hereinafter set forth, and has certified to the Board of Supervisors that all of the qualified voters have voted, that the Election Official has declared the election closed and the result of the votes cast at such election upon said proposition, which said certification of the Election Official (the "Certification") is attached hereto as Exhibit B;

WHEREAS, on the basis of all of the foregoing, the Board of Supervisors has determined at this time to proceed with the changes to the rate and method of apportionment of special tax for facilities, as described in the Amended Rate and Method of Apportionment, and other matters as provided by the Resolution of Consideration;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AS FOLLOWS:

Section 1. All of the above recitals are true and correct.

Section 2. The Board of Supervisors, acting as the legislative body of the Community Facilities District, hereby approves the Resolution of Consideration adopted on May 21, 2002, notice of which was published prior to the public hearing as required by law, and, except as otherwise provided herein, reconfirms all of its findings and determinations contained in said Resolution of Consideration. The Board of Supervisors hereby approves and adopts the Amended Rate and Method of Apportionment. To the extent required by Section 53325.1(a) of the Act, all of the information contained in the Resolution of Consideration is incorporated herein and made a part hereof.

Section 3. The Board of Supervisors finds and determines that written protests to the changes in the Rate and Method of Apportionment of Special Tax to be levied in Improvement Area C are insufficient in number and in amount under the Act to require abandonment of these proceedings, and the Board of Supervisors hereby further orders and determines that all protests are hereby overruled and denied. The proposed changes in the Rate and Method of Apportionment of Special Tax to be levied in the Improvement Area have not been precluded by majority protest pursuant to Section 53324 of the Act.

Section 4. The Board of Supervisors finds and determines that all prior proceedings had and taken by the Board of Supervisors with respect to the formation of the Community Facilities District, including the designation of the Improvement Areas therein, are valid and in conformity with the requirements of the Act, and the Board of Supervisors determines to proceed with the changes in the rate and method of apportionment of special tax for Improvement Area C.

Section 5. The Board of Supervisors hereby declares that the question of the changes in the Rate and Method of Apportionment of Special Tax for facilities within Improvement Area C was submitted to the landowners, being the qualified electors within the Improvement Area, with each acre or portion thereof within an ownership representing one (1) vote, in accordance with and subject to the Act and the landowner's waiver of the requirements of Section 53326 of the Act pertaining to the shortening of time and the requirement for notice, upon the concurrence with such waiver by the election official as designated by the Board of Supervisors, all the terms of which requirements were otherwise applicable to such election. The election was by mailed ballot, as provided in Section 53326 of the Act.

Section 6. At such special election, the following proposition was submitted to the qualified electors in Improvement Area C:

PROPOSITION: Shall Community Facilities District No.3 (Valencia/Newhall Area) of the County of Los Angeles be authorized to amend and restate the rate and method of apportionment of special tax as described in the "Amended and Restated Rate and Method of Apportionment of Special Tax for Improvement Area C" attached as Exhibit A to "A Resolution of the Board of Supervisors of the County of Los Angeles acting as the Legislative Body of Community Facilities District No. 3 (Valencia/Newhall Area) Declaring its Intention to Change the Rate and Method of Apportionment of Special Tax for Improvement Area C," adopted on May 21, 2002, which is incorporated by reference herein, and shall such special tax be levied to pay for authorized facilities, including the payment of current and future principal of and interest on authorized bonded indebtedness and the annual administration expenses of the County and the Community Facilities District in determining, apportioning, levying and collecting the special tax, and including the repayment of funds advanced to or on behalf of the Community Facilities District; and shall the maximum authorized bonded indebtedness that may be incurred to finance Improvement Area C facilities be reduced from \$15.0 million to \$9.0 million, but not more than an amount that is in compliance with County policies for land-secured financing; provided, that all other matters previously approved by the County and the qualified electors in the proceedings to establish Improvement Area C shall remain in full force and effect?

Section 7. The canvass of the votes cast in Improvement Area C, including the total number of votes cast for and against such proposition at the special election held in the Improvement Area, as indicated in the Certification attached hereto as Exhibit B, is hereby approved and confirmed.

Section 8. In accordance with Section 53338 of the California Government Code, and based on the Certification, the Board of Supervisors finds and determines that more than two-thirds (2/3) of the votes cast at such special election were cast in favor of the proposition, and such proposition passed. The Board of Supervisors may levy such special tax within the territory of Improvement Area C under the Act in the amounts and for the purposes as specified in this Resolution. Such special tax may be levied only at the respective rate and may be apportioned only in the manner specified in the Amended Rate and Method of Apportionment,

subject to the Act, except that such special tax may be levied at a rate lower than that specified therein. Such special tax may be levied only so long as it is needed to pay for the funding, financing, acquisition, construction and installation of the facilities, or so long as it is needed to pay the principal of and interest on the bonded indebtedness, together with administrative expenses and other expenses of the Community Facilities District with respect to Improvement Area C, incurred by the County and the Community Facilities District. The special tax shall be levied as necessary, but in no circumstances shall it be levied more than four years after the final maturity of bonded indebtedness.

Section 9. The Executive Officer-Clerk of the Board of Supervisors is hereby directed to enter this resolution on the minutes of the Board of Supervisors, which shall constitute the official declaration of the results of such special election.

Section 10. The Board of Supervisors hereby determines to levy a special tax on the property in Improvement Area C at the rate and apportion the special tax in the manner specified in the Amended Rate and Method of Apportionment in an amount not to exceed the maximum special tax authorized therein, such levy to be pursuant to an ordinance adopted by the Board of Supervisors.

Section 11. Pursuant to Section 53328.5 of the Act, as amended, the Board of Supervisors hereby directs the Executive Officer-Clerk of the Board of Supervisors to impose a lien for the special tax on non-exempt real property within Improvement Area C of the District by performing the filings required by Division 4.5 of the Street and Highways Code of the State of California, and specifically Sections 3114.5 and 3117.5 thereof, as amended, in the form specified in such Sections.

Section 12. Consistent with Section 53325.6 of the Act, the Board of Supervisors finds and determines that the land within Improvement Area C devoted primarily to agricultural, timber or livestock uses and being used for the commercial production of agricultural, timber or livestock products, if any, will be benefited by the facilities proposed to be provided within such Improvement Area.

Section 13. Except where funds are otherwise available, a special tax sufficient to pay for all the facilities and including the payment of interest on and principal of bonds proposed to be issued to finance the facilities and including the repayment of funds advanced to or on behalf of Improvement Area C or the Community Facilities District, annual administration expenses of the County and the Community Facilities District in determining, apportioning, levying and collecting such taxes, secured by recordation of a continuing lien against all non-exempt real property in such Improvement Area, will be levied annually within the boundaries of such Improvement Area, all in accordance with the Amended Rate and Method of Apportionment, attached hereto as Exhibit A.

Section 14. The Treasurer and Tax Collector is authorized and directed to annually prepare a current roll of special tax levy obligations by assessor's parcel number and estimate future special tax levies pursuant to Section 53325.1 and 53340.2 of the. The Treasurer and Tax Collector is further directed to establish procedures to promptly respond to inquiries concerning current and future tax liability. The Office of the Treasurer and Tax Collector shall also prepare a form of notice of special tax lien as set forth in Section 53340.2 of the Act.

Section 15. Upon recordation of a notice of special tax lien in connection with Improvement Area C pursuant to Section 3114.5 and 3117.5 of the California Streets and Highways Code, a continuing lien to secure the levy of the special tax within such Improvement Area shall attach to all non-exempt real property in Improvement Area C, and this lien shall continue in force and effect until the special tax obligation is paid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by the Board of Supervisors ceases in accordance with the Amended Rate and Method of Apportionment.

Section 16. The officers of the County and their authorized representatives, are, and each of them acting alone is, hereby authorized to execute any and all documents and agreements and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purpose.

Section 17. This Resolution shall take effect immediately upon its adoption.

The foregoing Resolution was on the ____ day of _____, 2002, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS,
EXECUTIVE OFFICER-CLERK OF
THE BOARD OF SUPERVISORS OF
THE COUNTY OF LOS ANGELES

By _____
Deputy

Approved as to form:

LLOYD W. PELLMAN
COUNTY COUNSEL

By 
Deputy

[SEAL]

EXHIBIT A

AMENDED AND RESTATED

Rate and Method of Apportionment of Special Tax For County of Los Angeles Community Facilities District No. 3

Improvement Area C

A special tax (the “Special Tax”) applicable to each Assessor’s parcel in Improvement Area C of Community Facilities District No. 3 (“CFD No. 3-C”) shall be annually levied and collected according to the tax liability determined by the Board of Supervisors of the County of Los Angeles (the “Board”) acting in its capacity as the legislative body of CFD No. 3-C through the application of the appropriate amount or rate for Taxable Property, as defined below. All of the property in CFD No. 3-C, unless exempted by law or by the provisions of Section IV below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

I. Category of Land Use Class.

On July 1 of each Fiscal Year, all Taxable Property within CFD No. 3-C shall be categorized either as Developed Property, Undeveloped Property, or Other Taxable Property and shall be subject to the Special Tax in accordance with the rates and the method of apportionment determined pursuant to Sections II and III below. Taxable Property is defined as all property located within the boundaries of CFD No. 3-C which is not exempt from the Special Tax pursuant to Section IV below. Fiscal Year means the period starting on July 1 and ending the following June 30.

Developed Property is defined as all Taxable Property in CFD No. 3-C for which a building permit has been issued as of May 1 of the preceding Fiscal Year; provided, however, that Developed Property shall not include Other Taxable Property. Developed Property that has been subdivided but for which such subdivision is not reflected on the Assessor’s secured tax roll shall be treated as subdivided for purposes of the Special Tax (i.e., each lot of Taxable Property created by such subdivision shall be separately classified as Developed Property, Undeveloped Property, or Other Taxable Property.) Undeveloped Property is defined as all Taxable Property other than Developed Property and Other Taxable Property.

II. Maximum Special Tax Rates.

Maximum Special Tax means the maximum Special Tax, determined in accordance with this section that can be levied by the Board in any Fiscal Year on any Assessor's Parcel.

A. Developed Property.

For purposes of determining the applicable Maximum Special Tax, Developed Property shall be assigned to the Classes in Table A below based upon (i) the land use type (i.e. Single Family Detached, Single Family Attached, Apartments, or Commercial/Industrial) and (ii) in the case of Single Family Detached homes, the square footage of the dwelling unit to be constructed as set forth in the original building permit issued for such home, including options constructed by the builder. Square footage of the dwelling unit means the internal living space of each unit, exclusive of garages or other structures not used as living spaces.

Single Family Detached means any detached residential unit, including detached condominiums. Single Family Attached means any residential unit attached to one or more residential units, excluding Apartments. Apartment means a residential unit located in a building or buildings comprised of residential units available for rental, but not purchase, by the general public and under common management. Single Family Detached, Single Family Attached, and Apartment include all residential units for which a building permit has been issued (whether or not construction of the residential unit has been completed.) Commercial/Industrial property means all Developed Property not classified as Single Family Detached, Single Family Attached, or Apartments.

The Maximum Special Tax for an Assessor's parcel within CFD No. 3-C classified as Developed Property shall be the greater of the following:

- i) The applicable Maximum Annual Tax Rate listed in Table A, or
- ii) The Base Maximum Special Tax.

The amount of the Base Maximum Special Tax is \$0.3526 per Usable Square Foot of an Assessor's parcel. The term Usable Square Foot(age) is defined as follows:

- a) For Single Family Detached, the pad size of each Assessor's parcel, as depicted in the most recent tentative tract map on file with the County of Los Angeles Department of Regional Planning. If the final map is not in substantial conformance with the tentative map with respect to number and configuration of lots, Usable Square Footage shall be based on the pad size area shown on the most recently approved grading plan prior to recordation of the final subdivision map.

- b) For Single Family Attached and Apartment, the total land area of the lot on which such unit is located as shown on the Assessor's parcel map of the Assessor of the County of Los Angeles. The Base Maximum Special Tax for each unit of Single Family Attached and Apartment shall be computed by dividing the aggregate Base Maximum Special Tax attributable to the lot on which such units are or are to be constructed (pursuant to the building permits issued for such units) by the number of units.

The Base Maximum Special Tax shall not apply to Developed Property classified as Commercial/Industrial.

Notwithstanding the preceding, for Developed Property in Classes 4 and 5, a portion of the acreage in each final subdivision shall be taxed as Undeveloped Property if building permits for all of the units shown in the applicable approved tentative tract map were not issued as of May 1 of the previous Fiscal Year. The acreage in to be taxed as Undeveloped Property shall equal the proportion of the units shown in the tentative tract map for a given lot for which building permits had not been issued by the previous May 1, multiplied by the total acreage for the lot on which such units are to be constructed.

TABLE A

Class	Land Use Type	Maximum Annual Tax Rate*
1	Single Family Detached (Greater than 2,699 sq. ft.)	\$2,562 per unit
2	Single Family Detached (2,400 – 2,699 sq. ft.)	\$2,268 per unit
3	Single Family Detached (Less than 2,400 sq. ft.)	\$2,117 per unit
4	Single Family Attached	\$1,289 per unit
5	Apartment	\$550 per unit
6	Commercial/Industrial	\$15,360 per acre

* The Base Maximum Special Tax may exceed these levels. The Base Maximum Special Tax will exceed these levels if the Usable Square Footage is greater than 7,266 in Class 1, greater than 6,432 in Class 2, and greater than 6,003 in Class 3.

The Base Maximum Special Tax would also apply to Classes 4 and 5 if densities are less than 12 units per acre for Class 4 and 28 units per acre for Class 5.

B. Undeveloped Property and Other Taxable Property.

The Maximum Special Tax for Undeveloped Property and Other Taxable Property in CFD No. 3-C shall be \$20,315 per acre.

III. Method of Apportionment of Special Tax.

Each Fiscal Year, the Board shall determine the amounts of Special Taxes to be collected from Taxable Property in CFD No. 3-C. Such amounts shall include all sums necessary to pay for the construction or acquisition of public facilities to be provided for CFD No. 3-C, to pay debt service on indebtedness of CFD No. 3-C, to create or replenish reserve funds determined necessary by CFD No. 3-C for existing or future bonded indebtedness, to account for any reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year or otherwise reasonably expected, and to pay administrative expenses of CFD No. 3-C (together the "CFD No. 3-C Obligations".) The Board shall levy the Special Taxes, as follows, until the amount of the levy equals the amount necessary to fund CFD No. 3-C Obligations:

First: The Special Taxes shall be levied on the Developed Property within CFD No. 3-C up to 87% of the Maximum Annual Tax Rates listed in Table A.

Second: If additional revenue is required to fund the CFD No. 3-C Obligations after the first step is completed, then the Special Tax shall be levied up to 100% of the applicable Maximum Special Tax on each acre, or portion thereof, of Undeveloped Property in CFD No. 3-C.

Third: If additional revenue is needed to fund CFD No. 3-C Obligations after the first two steps are completed, then the levy of the Special Tax on Developed Property shall be increased in equal percentages for each Class listed in Table A, up to 100% of the Maximum Annual Tax Rates listed in Table A.

Fourth: If additional revenue is needed to fund CFD No. 3-C Obligations after the first three steps are completed, then the Special Tax shall be levied proportionately on each Assessor's parcel of Developed Property for which the Base Maximum Special Tax is greater than the Maximum Annual Tax Rate specified in Table A, in an amount no greater than the difference between the Base Maximum Special Tax and the Maximum Annual Tax Rate for such parcel as shown in Table A.

Fifth: If additional revenue is needed to fund CFD No. 3-C Obligations after the first four steps have been completed, then the Special Tax shall be levied proportionately up to 100% of the applicable Maximum Special Tax, or portion thereof, on each acre of Other Taxable Property.

IV. Exemptions.

The Board shall not impose any Special Tax on up to 38.98 acres of property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; and property owned by a homeowner's association on which no residential units are or will be constructed. Any such ownership, conveyance, or irrevocable offer must be established as of the May 1 of the preceding Fiscal Year. Notwithstanding, no Single Family Detached, Single Family Attached, or Apartment property shall be exempt from the Special Tax. Furthermore, if a public agency owns any property and then proceeds to grant a leasehold or other possessory interest which is subject to the Special Tax pursuant to Section 53340.1 of the Mello-Roos Community Facilities Act of 1982, as amended, of the Government Code of the State of California (the "Act"), the Special Tax shall, notwithstanding Section 53340 of the Act, be levied on the leasehold or possessory interest and shall be payable by the holder of the leasehold or possessory interest. Property exempt from the Special Tax is as follows:

- 8.42 acres for a public school site,
- 5.02 acres for a public park,
- 0.48 acres of property restricted in use as open space and owned by a public agency,
- 22.28 acres of property restricted in use as a detention basin and/or flood control channel and owned by a public agency, and
- 2.78 acres of additional property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; or property owned by a homeowner's association on which no residential units are or will be constructed.

If the total number of acres of property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; and property owned by a homeowner's association on which no residential units are or will be constructed exceeds 38.98 acres, then the acres exceeding such total shall be classified as Other Taxable Property and shall be taxed as set forth in Sections II and III above.

V. Term of Special Tax.

The Special Tax shall be levied as necessary, but in no circumstances shall it be levied more than four years after the final maturity of the bonds.

VI. Appeals.

Any land owner or resident who feels that the amount of the Special Tax is in error may file a notice with CFD No. 3-C appealing the levy of the Special Tax. A representative of CFD No. 3-C will then review the appeal and, if necessary, meet with the applicant. If the findings of the CFD No. 3-C representative verify that the amount of the Special Tax should be modified or changed, then, as appropriate, the Special Tax levy shall be corrected.

VII. Interpretation of Rate and Method of Apportionment.

Interpretations may be made by the Board by resolution for purposes of clarifying any vagueness or ambiguity as it relates to any category, tax rate, method of apportionment or definition applicable to this Rate and Method of Apportionment of Special Tax.

VIII. Manner of Collection.

The Special Taxes for CFD No. 3-C will be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD No. 3-C may collect Special Taxes at a different time or in a different manner if necessary to meet the CFD No. 3-C Obligations.

EXHIBIT B

**CERTIFICATION OF THE
REGISTRAR-RECORDER/COUNTY CLERK
OF THE COUNTY OF LOS ANGELES AS ELECTION OFFICIAL**

**Los Angeles County
Registrar-Recorder/County Clerk**

Certificate of the canvass of the election returns

I, CONNY B. McCORMACK, Registrar-Recorder/County Clerk of the County of Los Angeles, State of California, do hereby certify that this is a true and correct Canvass of the Votes Cast by the landowner in the COMMUNITY FACILITIES DISTRICT NO. 3 (IMPROVEMENT AREA C) SPECIAL TAX AND BOND ELECTION held on July 9, 2002. Said election was conducted by mail ballot in accordance with Section 10502 of the California Elections Code.

I, further certify that the results of the election are as follows:

TOTAL BALLOTS CAST

1

PROPOSITION

**TOTAL
VOTES CAST**

YES

111

NO

0

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 11th day of July, 2002.



Conny B. McCormack

CONNY B. McCORMACK
Registrar-Recorder/County Clerk
County of Los Angeles

ANALYSIS

This ordinance amends the Rate and Method of Apportionment of a special tax to be levied on property within Improvement Area C of Community Facilities District No. 3 to pay the debt service on bonds to be issued to finance the construction and/or acquisition of certain public facilities in the Valencia/Newhall area of the County of Los Angeles. This ordinance establishes the maximum special tax that may be levied within Improvement Area C and it authorizes the Board of Supervisors to determine by subsequent resolution the specific special tax to be levied annually.

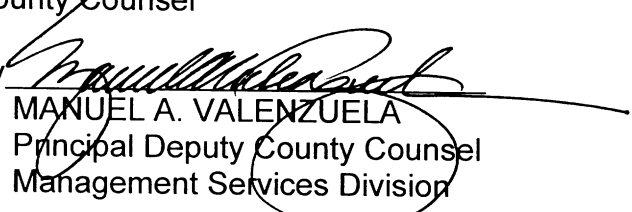
This special tax rate will be specified in a resolution adopted each year by the Board. The special tax shall be collected in the same manner as ordinary ad valorem property taxes, and subject to the same penalties, procedure, sale and lien priority in case of delinquency as provided for ad valorem taxes.

The passage of this ordinance was authorized by a vote of the qualified electorate of the District pursuant to the Mello-Roos Community Facilities Act of 1982.

As provided in Section 25123 (c) of the California Government Code, this ordinance will become effective immediately upon adoption.

LLOYD W. PELLMAN
County Counsel

By


MANUEL A. VALENZUELA
Principal Deputy County Counsel
Management Services Division

MAV:mag

07/15/02
07/18/02

ORDINANCE NO. _____

An ordinance authorizing the amendment of the existing rate and method of apportionment of a special tax within Improvement Area C of Community Facilities District No. 3 of the County of Los Angeles (the "District").

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. The Board having established the District on June 8, 1989, pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982" (the "Act"), having authorized the District to incur bonded indebtedness secured by a special tax with respect to Improvement C for the purpose of financing the acquisition and/or construction of certain public facilities in and for each such Improvement Area, having duly adopted Ordinance No. 89-0107 authorizing the levy of a special tax within the District, including Improvement Area C therein, and the qualified electorate of the District having voted by more than a two-thirds vote in favor of amending the rate and method of apportionment of special tax on property within Improvement Area C and changing the authorized bonded indebtedness from \$15,000,000 to \$9,000,000, the Board is authorized by the Act to levy the special tax, as amended, as specified hereinbelow.

SECTION 2. The Board hereby authorizes the levy of a special tax within Improvement Area C pursuant to the amended and restated rate and method of apportionment set forth in Exhibit A attached hereto and incorporated herein by this reference.

SECTION 3. The Board is hereby further authorized each year by resolution to determine the specific special tax rate and amount to be levied for the next fiscal year in Improvement Area C, except that the special tax rate to be levied shall not exceed that set forth in Exhibit A hereto with respect to Improvement Area C, but the special taxes may be levied at a lower rate; provided however, that the resolution is adopted and a certified list of all parcels subject to the special tax [including the amount of the tax to be levied on each parcel for the applicable year is filed with the county auditor in accordance with Section 53340(b) of the Act].

SECTION 4. Properties or entities of the state, federal, or other local governments shall, except as provided in Sections 53317.3, 53317.5, and 53340.1 of the Act, be exempt from the above-referenced and approved special tax.

SECTION 5. All of the collections of the special tax shall be used as provided for in the Act, the Resolution of Change and proceedings conducted for the Community Facilities District. The special tax within Improvement Area C shall be levied only so long as needed for its purpose as described in said Resolution of Change.

SECTION 6. The above authorized special tax shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* taxes, as such procedure may be modified by law or by the Board of Supervisors from time to time.

SECTION 7. As a cumulative remedy, if any amount levied pursuant hereto as a special tax for payment of bond interest or principal together with any penalties and other charges accruing under this ordinance are not paid when due, the Board may, not later than four years after the due date of the last installment of principal, order that the same be collected by an action brought in the Superior Court of the State of California to foreclose any lien therefor.

SECTION 8. This ordinance relating to the levy of the special tax shall take effect immediately upon its passage in accordance with Section 25123 (c) of the California Government Code, and the specific authorization for adoption is pursuant to the provisions of Section 53340 of the Act.

[CFD3CMVCOC]

EXHIBIT A

AMENDED AND RESTATED

Rate and Method of Apportionment of Special Tax For County of Los Angeles Community Facilities District No. 3

Improvement Area C

A special tax (the "Special Tax") applicable to each Assessor's parcel in Improvement Area C of Community Facilities District No. 3 ("CFD No. 3-C") shall be annually levied and collected according to the tax liability determined by the Board of Supervisors of the County of Los Angeles (the "Board") acting in its capacity as the legislative body of CFD No. 3-C through the application of the appropriate amount or rate for Taxable Property, as defined below. All of the property in CFD No. 3-C, unless exempted by law or by the provisions of Section IV below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

I. Category of Land Use Class.

On July 1 of each Fiscal Year, all Taxable Property within CFD No. 3-C shall be categorized either as Developed Property, Undeveloped Property, or Other Taxable Property and shall be subject to the Special Tax in accordance with the rates and the method of apportionment determined pursuant to Sections II and III below. Taxable Property is defined as all property located within the boundaries of CFD No. 3-C which is not exempt from the Special Tax pursuant to Section IV below. Fiscal Year means the period starting on July 1 and ending the following June 30.

Developed Property is defined as all Taxable Property in CFD No. 3-C for which a building permit has been issued as of May 1 of the preceding Fiscal Year; provided, however, that Developed Property shall not include Other Taxable Property. Developed Property that has been subdivided but for which such subdivision is not reflected on the Assessor's secured tax roll shall be treated as subdivided for purposes of the Special Tax (i.e., each lot of Taxable Property created by such subdivision shall be separately classified as Developed Property, Undeveloped Property, or Other Taxable Property.) Undeveloped Property is defined as all Taxable Property other than Developed Property and Other Taxable Property.

II. Maximum Special Tax Rates.

Maximum Special Tax means the maximum Special Tax, determined in accordance with this section that can be levied by the Board in any Fiscal Year on any Assessor's Parcel.

A. Developed Property.

For purposes of determining the applicable Maximum Special Tax, Developed Property shall be assigned to the Classes in Table A below based upon (i) the land use type (i.e. Single Family Detached, Single Family Attached, Apartments, or Commercial/Industrial) and (ii) in the case of Single Family Detached homes, the square footage of the dwelling unit to be constructed as set forth in the original building permit issued for such home, including options constructed by the builder. Square footage of the dwelling unit means the internal living space of each unit, exclusive of garages or other structures not used as living spaces.

Single Family Detached means any detached residential unit, including detached condominiums. Single Family Attached means any residential unit attached to one or more residential units, excluding Apartments. Apartment means a residential unit located in a building or buildings comprised of residential units available for rental, but not purchase, by the general public and under common management. Single Family Detached, Single Family Attached, and Apartment include all residential units for which a building permit has been issued (whether or not construction of the residential unit has been completed.) Commercial/Industrial property means all Developed Property not classified as Single Family Detached, Single Family Attached, or Apartments.

The Maximum Special Tax for an Assessor's parcel within CFD No. 3-C classified as Developed Property shall be the greater of the following:

- i) The applicable Maximum Annual Tax Rate listed in Table A, or
- ii) The Base Maximum Special Tax.

The amount of the Base Maximum Special Tax is \$0.3526 per Usable Square Foot of an Assessor's parcel. The term Usable Square Foot(age) is defined as follows:

- a) For Single Family Detached, the pad size of each Assessor's parcel, as depicted in the most recent tentative tract map on file with the County of Los Angeles Department of Regional Planning. If the final map is not in substantial conformance with the tentative map with respect to number and

configuration of lots, Usable Square Footage shall be based on the pad size area shown on the most recently approved grading plan prior to recordation of the final subdivision map.

- b) For Single Family Attached and Apartment, the total land area of the lot on which such unit is located as shown on the Assessor's parcel map of the Assessor of the County of Los Angeles. The Base Maximum Special Tax for each unit of Single Family Attached and Apartment shall be computed by dividing the aggregate Base Maximum Special Tax attributable to the lot on which such units are or are to be constructed (pursuant to the building permits issued for such units) by the number of units.

The Base Maximum Special Tax shall not apply to Developed Property classified as Commercial/Industrial.

Notwithstanding the preceding, for Developed Property in Classes 4 and 5, a portion of the acreage in each final subdivision shall be taxed as Undeveloped Property if building permits for all of the units shown in the applicable approved tentative tract map were not issued as of May 1 of the previous Fiscal Year. The acreage in to be taxed as Undeveloped Property shall equal the proportion of the units shown in the tentative tract map for a given lot for which building permits had not been issued by the previous May 1, multiplied by the total acreage for the lot on which such units are to be constructed.

TABLE A

Class	Land Use Type	Maximum Annual Tax Rate*
1	Single Family Detached (Greater than 2,699 sq. ft.)	\$2,562 per unit
2	Single Family Detached (2,400 – 2,699 sq. ft.)	\$2,268 per unit
3	Single Family Detached (Less than 2,400 sq. ft.)	\$2,117 per unit
4	Single Family Attached	\$1,289 per unit
5	Apartment	\$550 per unit
6	Commercial/Industrial	\$15,360 per acre

* The Base Maximum Special Tax may exceed these levels. The Base Maximum Special Tax will exceed these levels if the Usable Square Footage is greater than 7,266 in Class 1, greater than 6,432 in Class 2, and greater than 6,003 in Class 3.

The Base Maximum Special Tax would also apply to Classes 4 and 5 if densities are less than 12 units per acre for Class 4 and 28 units per acre for Class 5.

B. Undeveloped Property and Other Taxable Property.

The Maximum Special Tax for Undeveloped Property and Other Taxable Property in CFD No. 3-C shall be \$20,315 per acre.

III. Method of Apportionment of Special Tax.

Each Fiscal Year, the Board shall determine the amounts of Special Taxes to be collected from Taxable Property in CFD No. 3-C. Such amounts shall include all sums necessary to pay for the construction or acquisition of public facilities to be provided for CFD No. 3-C, to pay debt service on indebtedness of CFD No. 3-C, to create or replenish reserve funds determined necessary by CFD No. 3-C for existing or future bonded indebtedness, to account for any reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year or otherwise reasonably expected, and to pay administrative expenses of CFD No. 3-C (together the "CFD No. 3-C Obligations".) The Board shall levy the Special Taxes, as follows, until the amount of the levy equals the amount necessary to fund CFD No. 3-C Obligations:

First: The Special Taxes shall be levied on the Developed Property within CFD No. 3-C up to 87% of the Maximum Annual Tax Rates listed in Table A.

Second: If additional revenue is required to fund the CFD No. 3-C Obligations after the first step is completed, then the Special Tax shall be levied up to 100% of the applicable Maximum Special Tax on each acre, or portion thereof, of Undeveloped Property in CFD No. 3-C.

Third: If additional revenue is needed to fund CFD No. 3-C Obligations after the first two steps are completed, then the levy of the Special Tax on Developed Property shall be increased in equal percentages for each Class listed in Table A, up to 100% of the Maximum Annual Tax Rates listed in Table A.

Fourth: If additional revenue is needed to fund CFD No. 3-C Obligations after the first three steps are completed, then the Special Tax shall be levied proportionately on each Assessor's parcel of Developed Property for which the Base Maximum Special Tax is greater than the Maximum Annual Tax Rate

specified in Table A, in an amount no greater than the difference between the Base Maximum Special Tax and the Maximum Annual Tax Rate for such parcel as shown in Table A.

Fifth: If additional revenue is needed to fund CFD No. 3-C Obligations after the first four steps have been completed, then the Special Tax shall be levied proportionately up to 100% of the applicable Maximum Special Tax, or portion thereof, on each acre of Other Taxable Property.

IV. Exemptions.

The Board shall not impose any Special Tax on up to 38.98 acres of property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; and property owned by a homeowner's association on which no residential units are or will be constructed. Any such ownership, conveyance, or irrevocable offer must be established as of the May 1 of the preceding Fiscal Year. Notwithstanding, no Single Family Detached, Single Family Attached, or Apartment property shall be exempt from the Special Tax. Furthermore, if a public agency owns any property and then proceeds to grant a leasehold or other possessory interest which is subject to the Special Tax pursuant to Section 53340.1 of the Mello-Roos Community Facilities Act of 1982, as amended, of the Government Code of the State of California (the "Act"), the Special Tax shall, notwithstanding Section 53340 of the Act, be levied on the leasehold or possessory interest and shall be payable by the holder of the leasehold or possessory interest. Property exempt from the Special Tax is as follows:

- 8.42 acres for a public school site,
- 5.02 acres for a public park,
- 0.48 acres of property restricted in use as open space and owned by a public agency,
- 22.28 acres of property restricted in use as a detention basin and/or flood control channel and owned by a public agency, and
- 2.78 acres of additional property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; or property owned by a homeowner's association on which no residential units are or will be constructed.

If the total number of acres of property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; and property owned by a homeowner's association on which no residential units are or will be constructed exceeds 38.98 acres, then the acres exceeding such total shall be classified as Other Taxable Property and shall be taxed as set forth in Sections II and III above.

V. Term of Special Tax.

The Special Tax shall be levied as necessary, but in no circumstances shall it be levied more than four years after the final maturity of the bonds.

VI. Appeals.

Any land owner or resident who feels that the amount of the Special Tax is in error may file a notice with CFD No. 3-C appealing the levy of the Special Tax. A representative of CFD No. 3-C will then review the appeal and, if necessary, meet with the applicant. If the findings of the CFD No. 3-C representative verify that the amount of the Special Tax should be modified or changed, then, as appropriate, the Special Tax levy shall be corrected.

VII. Interpretation of Rate and Method of Apportionment.

Interpretations may be made by the Board by resolution for purposes of clarifying any vagueness or ambiguity as it relates to any category, tax rate, method of apportionment or definition applicable to this Rate and Method of Apportionment of Special Tax.

VIII. Manner of Collection.

The Special Taxes for CFD No. 3-C will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 3-C may collect Special Taxes at a different time or in a different manner if necessary to meet the CFD No. 3-C Obligations.

RECORDING REQUESTED BY, AND
WHEN RECORDED, RETURN TO:

Executive Officer-Clerk of the Board of Supervisors
of the County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

AMENDED NOTICE OF SPECIAL TAX LIEN

Pursuant to the requirements of Section 3114.5 and 3117.5 of the Streets and Highways Code of the State of California and Section 53328(c) of the Government Code of the State of California, the undersigned Executive Officer-Clerk of the Board of Supervisors of the County of Los Angeles, State of California, hereby gives notice that a lien to secure payment of a special tax which has been imposed by the Board of Supervisors of the County of Los Angeles, State of California acting as the legislative body of Community Facilities District No. 3 (the "District") with respect to Improvement Area C of said District. The special tax secured by this lien is authorized to be levied for the purpose of paying principal and interest on bonds issued to finance the design, construction and acquisition of certain public facilities, or to finance such facilities, permitted by the Mello-Roos Community Facilities Act of 1982 (the "Act"), including any capacity or connection fees representing such public facilities, with an estimated useful life of five (5) years or longer, which are facilities that the County or a public agency is authorized by law to construct, own or operate, and financing costs and incidentals, or to pay the interest on and principal of bonds issued for such purpose.

TAXES LEVIED BY THIS DISTRICT MAY BE USED TO PAY FOR CLEANUP OF
HAZARDOUS SUBSTANCES.

The special tax is authorized to be levied on property within Improvement Area C of the District and the lien of the special tax is a continuing lien which shall secure the annual levy of the special tax and which shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied and canceled in accordance with law or until the special tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code.

The rate, method of apportionment and manner of collection of the authorized special tax is attached hereto as Exhibit A. There is no provision in the Rate and Method of Apportion of Special Tax for the prepayment of the special tax on any parcel.

Notice is further given that upon the recording of this notice in the office of the County Recorder for the County of Los Angeles, the obligation to pay the special tax shall become a lien upon all non-exempt real property within Improvement Area C of County of Los Angeles Community Facilities District No. 3 in accordance with Section 3115.5 of the Streets and Highways Code.

The name of the owner of the real property included within the Improvement Area and the assessor's tax parcel numbers of the real property included within the Improvement Area and

not exempt from the special tax are as follows as they appear on the latest secured assessment roll as of the date of recording of this notice or as otherwise known to the Executive Officer-Clerk of the Board of Supervisors of the County of Los Angeles:

TITLEHOLDER	ASSESSOR'S PARCEL NUMBERS
STEVENSON RANCH VENTURE, LLC a Delaware Limited Liability Company	2826-009-091; 2826-009-092

With respect to Improvement Area C of County of Los Angeles Community Facilities District No. 3, this Amended Notice of Special Tax Lien supersedes the Notice of Special Tax Lien previously recorded as instrument number 89-994405 on June 21, 1989 in the office of the County Recorder for the County of Los Angeles, State of California.

Reference is made to the boundary map of County of Los Angeles Community Facilities District No. 3 recorded on May 2, 1989 at Book 159, page 31 of the Book of Maps of Assessment and Community Facilities Districts, in the office of the County Recorder for the County of Los Angeles, State of California, which map is the final boundary map of the District and the Improvement Areas therein.

For further information concerning the current and estimated future tax liability of owners or purchasers of real property subject to this special tax lien, interested persons should contact:

Assistant Director, Public Finance
Office of the Treasurer and Tax Collector
County of Los Angeles
432 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012
(213) 974-8359

DATED: _____, 2002

Executive Officer-Clerk of the Board of Supervisors
of the County of Los Angeles

EXHIBIT A

AMENDED AND RESTATED

Rate and Method of Apportionment of Special Tax For County of Los Angeles Community Facilities District No. 3

Improvement Area C

A special tax (the "Special Tax") applicable to each Assessor's parcel in Improvement Area C of Community Facilities District No. 3 ("CFD No. 3-C") shall be annually levied and collected according to the tax liability determined by the Board of Supervisors of the County of Los Angeles (the "Board") acting in its capacity as the legislative body of CFD No. 3-C through the application of the appropriate amount or rate for Taxable Property, as defined below. All of the property in CFD No. 3-C, unless exempted by law or by the provisions of Section IV below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

I. Category of Land Use Class.

On July 1 of each Fiscal Year, all Taxable Property within CFD No. 3-C shall be categorized either as Developed Property, Undeveloped Property, or Other Taxable Property and shall be subject to the Special Tax in accordance with the rates and the method of apportionment determined pursuant to Sections II and III below. Taxable Property is defined as all property located within the boundaries of CFD No. 3-C which is not exempt from the Special Tax pursuant to Section IV below. Fiscal Year means the period starting on July 1 and ending the following June 30.

Developed Property is defined as all Taxable Property in CFD No. 3-C for which a building permit has been issued as of May 1 of the preceding Fiscal Year; provided, however, that Developed Property shall not include Other Taxable Property. Developed Property that has been subdivided but for which such subdivision is not reflected on the Assessor's secured tax roll shall be treated as subdivided for purposes of the Special Tax (i.e., each lot of Taxable Property created by such subdivision shall be separately classified as Developed Property, Undeveloped Property, or Other Taxable Property.) Undeveloped Property is defined as all Taxable Property other than Developed Property and Other Taxable Property.

II. Maximum Special Tax Rates.

Maximum Special Tax means the maximum Special Tax, determined in accordance with this section that can be levied by the Board in any Fiscal Year on any Assessor's Parcel.

A. Developed Property.

For purposes of determining the applicable Maximum Special Tax, Developed Property shall be assigned to the Classes in Table A below based upon (i) the land use type (i.e. Single Family Detached, Single Family Attached, Apartments, or Commercial/Industrial) and (ii) in the case of Single Family Detached homes, the square footage of the dwelling unit to be constructed as set forth in the original building permit issued for such home, including options constructed by the builder. Square footage of the dwelling unit means the internal living space of each unit, exclusive of garages or other structures not used as living spaces.

Single Family Detached means any detached residential unit, including detached condominiums. Single Family Attached means any residential unit attached to one or more residential units, excluding Apartments. Apartment means a residential unit located in a building or buildings comprised of residential units available for rental, but not purchase, by the general public and under common management. Single Family Detached, Single Family Attached, and Apartment include all residential units for which a building permit has been issued (whether or not construction of the residential unit has been completed.) Commercial/Industrial property means all Developed Property not classified as Single Family Detached, Single Family Attached, or Apartments.

The Maximum Special Tax for an Assessor's parcel within CFD No. 3-C classified as Developed Property shall be the greater of the following:

- i) The applicable Maximum Annual Tax Rate listed in Table A, or
- ii) The Base Maximum Special Tax.

The amount of the Base Maximum Special Tax is \$0.3526 per Usable Square Foot of an Assessor's parcel. The term Usable Square Foot(age) is defined as follows:

- a) For Single Family Detached, the pad size of each Assessor's parcel, as depicted in the most recent tentative tract map on file with the County of Los Angeles Department of Regional Planning. If the final map is not in substantial conformance with the tentative map with respect to number and configuration of lots, Usable Square Footage shall be based on the pad size area shown on the most recently approved grading plan prior to recordation of the final subdivision map.

- b) For Single Family Attached and Apartment, the total land area of the lot on which such unit is located as shown on the Assessor's parcel map of the Assessor of the County of Los Angeles. The Base Maximum Special Tax for each unit of Single Family Attached and Apartment shall be computed by dividing the aggregate Base Maximum Special Tax attributable to the lot on which such units are or are to be constructed (pursuant to the building permits issued for such units) by the number of units.

The Base Maximum Special Tax shall not apply to Developed Property classified as Commercial/Industrial.

Notwithstanding the preceding, for Developed Property in Classes 4 and 5, a portion of the acreage in each final subdivision shall be taxed as Undeveloped Property if building permits for all of the units shown in the applicable approved tentative tract map were not issued as of May 1 of the previous Fiscal Year. The acreage in to be taxed as Undeveloped Property shall equal the proportion of the units shown in the tentative tract map for a given lot for which building permits had not been issued by the previous May 1, multiplied by the total acreage for the lot on which such units are to be constructed.

TABLE A

Class	Land Use Type	Maximum Annual Tax Rate*
1	Single Family Detached (Greater than 2,699 sq. ft.)	\$2,562 per unit
2	Single Family Detached (2,400 – 2,699 sq. ft.)	\$2,268 per unit
3	Single Family Detached (Less than 2,400 sq. ft.)	\$2,117 per unit
4	Single Family Attached	\$1,289 per unit
5	Apartment	\$550 per unit
6	Commercial/Industrial	\$15,360 per acre

* The Base Maximum Special Tax may exceed these levels. The Base Maximum Special Tax will exceed these levels if the Usable Square Footage is greater than 7,266 in Class 1, greater than 6,432 in Class 2, and greater than 6,003 in Class 3.

The Base Maximum Special Tax would also apply to Classes 4 and 5 if densities are less than 12 units per acre for Class 4 and 28 units per acre for Class 5.

B. Undeveloped Property and Other Taxable Property.

The Maximum Special Tax for Undeveloped Property and Other Taxable Property in CFD No. 3-C shall be \$20,315 per acre.

III. Method of Apportionment of Special Tax.

Each Fiscal Year, the Board shall determine the amounts of Special Taxes to be collected from Taxable Property in CFD No. 3-C. Such amounts shall include all sums necessary to pay for the construction or acquisition of public facilities to be provided for CFD No. 3-C, to pay debt service on indebtedness of CFD No. 3-C, to create or replenish reserve funds determined necessary by CFD No. 3-C for existing or future bonded indebtedness, to account for any reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year or otherwise reasonably expected, and to pay administrative expenses of CFD No. 3-C (together the "CFD No. 3-C Obligations".) The Board shall levy the Special Taxes, as follows, until the amount of the levy equals the amount necessary to fund CFD No. 3-C Obligations:

First: The Special Taxes shall be levied on the Developed Property within CFD No. 3-C up to 87% of the Maximum Annual Tax Rates listed in Table A.

Second: If additional revenue is required to fund the CFD No. 3-C Obligations after the first step is completed, then the Special Tax shall be levied up to 100% of the applicable Maximum Special Tax on each acre, or portion thereof, of Undeveloped Property in CFD No. 3-C.

Third: If additional revenue is needed to fund CFD No. 3-C Obligations after the first two steps are completed, then the levy of the Special Tax on Developed Property shall be increased in equal percentages for each Class listed in Table A, up to 100% of the Maximum Annual Tax Rates listed in Table A.

Fourth: If additional revenue is needed to fund CFD No. 3-C Obligations after the first three steps are completed, then the Special Tax shall be levied proportionately on each Assessor's parcel of Developed Property for which the Base Maximum Special Tax is greater than the Maximum Annual Tax Rate specified in Table A, in an amount no greater than the difference between the Base Maximum Special Tax and the Maximum Annual Tax Rate for such parcel as shown in Table A.

Fifth: If additional revenue is needed to fund CFD No. 3-C Obligations after the first four steps have been completed, then the Special Tax shall be levied proportionately up

to 100% of the applicable Maximum Special Tax, or portion thereof, on each acre of Other Taxable Property.

IV. Exemptions.

The Board shall not impose any Special Tax on up to 38.98 acres of property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; and property owned by a homeowner's association on which no residential units are or will be constructed. Any such ownership, conveyance, or irrevocable offer must be established as of the May 1 of the preceding Fiscal Year. Notwithstanding, no Single Family Detached, Single Family Attached, or Apartment property shall be exempt from the Special Tax. Furthermore, if a public agency owns any property and then proceeds to grant a leasehold or other possessory interest which is subject to the Special Tax pursuant to Section 53340.1 of the Mello-Roos Community Facilities Act of 1982, as amended, of the Government Code of the State of California (the "Act"), the Special Tax shall, notwithstanding Section 53340 of the Act, be levied on the leasehold or possessory interest and shall be payable by the holder of the leasehold or possessory interest. Property exempt from the Special Tax is as follows:

- 8.42 acres for a public school site,
- 5.02 acres for a public park,
- 0.48 acres of property restricted in use as open space and owned by a public agency,
- 22.28 acres of property restricted in use as a detention basin and/or flood control channel and owned by a public agency, and
- 2.78 acres of additional property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; or property owned by a homeowner's association on which no residential units are or will be constructed.

If the total number of acres of property owned by, conveyed to, or irrevocably offered for dedication to a public agency; property owned by a public utility; and property owned by a homeowner's association on which no residential units are or will be constructed exceeds 38.98 acres, then the acres exceeding such total shall be classified as Other Taxable Property and shall be taxed as set forth in Sections II and III above.

V. Term of Special Tax.

The Special Tax shall be levied as necessary, but in no circumstances shall it be levied more than four years after the final maturity of the bonds.

VI. Appeals.

Any land owner or resident who feels that the amount of the Special Tax is in error may file a notice with CFD No. 3-C appealing the levy of the Special Tax. A representative of CFD No. 3-C will then review the appeal and, if necessary, meet with the applicant. If the findings of the CFD No. 3-C representative verify that the amount of the Special Tax should be modified or changed, then, as appropriate, the Special Tax levy shall be corrected.

VII. Interpretation of Rate and Method of Apportionment.

Interpretations may be made by the Board by resolution for purposes of clarifying any vagueness or ambiguity as it relates to any category, tax rate, method of apportionment or definition applicable to this Rate and Method of Apportionment of Special Tax.

VIII. Manner of Collection.

The Special Taxes for CFD No. 3-C will be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD No. 3-C may collect Special Taxes at a different time or in a different manner if necessary to meet the CFD No. 3-C Obligations.